

Message Text

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PAGE 01 STOCKH 02576 050808Z
ACTION EUR-12

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FRB-01 INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04
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FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 4169
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY THE HAGUE
AMEMBASSY HELSINKI
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO

UNCLAS STOCKHOLM 2576

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SUBJ: CONCLUSION OF SWEDISH-NORWEGIAN OIL AGREEMENT TO PRECEDE
PARLIAMENTARY RATIFICATION OF VOLVO'S DEAL WITH NORWAY

REF: (A) STOCKHOLM 2053, (B) STOCKHOLM 2105

1. AT A MEETING IN STOCKHOLM ON JUNE 30, NORWEGIAN PRIME MINISTER
ODVAR NORDLI AND SWEDISH PRIME MINISTER THORBJORN FALLDIN JOINTLY
DECLARED THAT BOTH COUNTRIES STRONGLY FAVOR CONCLUDING AN OIL
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AGREEMENT PROVIDING FOR DELIVERIES OF NORWEGIAN OIL TO SWEDEN.
ALSO ATTENDING WERE INDUSTRY AND ENERGY MINISTERS OF BOTH COUNTRIES
AND PEHR G. GYLLENHAMMAR, VOLVO'S EXECUTIVE DIRECTOR. IT WAS
AGREED THAT CONCLUSION OF OIL AGREEMENT SHOULD PROCEED PARLIA-
MENTARY RATIFICATION OF THE AGREEMENT RECENTLY REACHED BETWEEN
VOLVO AND THE NORWEGIAN GOVERNMENT (SEE REFTELS).

2. AFTER MEETING NORDLI STATED THAT HE HAD NOT NOTICED ANY OPPOSITION IN NORWAY TO THE DEAL WITH VOLVO. HOWEVER, A CONDITION FOR HIS APPROVAL, HE ADDED, WAS THAT VOLVO SHOULD GUARANTEE THE CREATION OF 5,000 NEW JOB OPPORTUNITIES IN NORWAY AS A RESULT OF THE DEAL. HE ALSO STATED THAT NORWAY'S 40 PERCENT INTEREST IN VOLVO WOULD BE DISTRIBUTED AMONG AS MANY NORWEGIAN INTERESTS AS POSSIBLE, PRIMARILY IN NORWEGIAN INDUSTRY AND BUSINESS COMMUNITY. NORDLI STRESSED HE WAS POSITIVE THE AGREEMENT WITH VOLVO WOULD OBTAIN APPROVAL OF NORWEGIAN PARLIAMENT.

3. ON SUBJECT OF SEPARATE OIL AGREEMENT TO BE CONCLUDED BETWEEN THE TWO COUNTRIES, NORDLI STATED HE COULD NOT, AT THIS STAGE, INDICATE EXACTLY HOW LARGE NORWAY'S DELIVERIES OF OIL TO SWEDEN WILL BE, BUT WILL BE SUBJECT TO NEGOTIATION WITH THE NORWEGIAN STATE-OWNED COMPANY STATOIL. HE DIVULGED THAT NORWAY'S PRESENT NORTH SEA WELL ARE EXPECTED TO YIELD ABOUT TEN MILLION TONS OF OIL ANNUALLY, BUT ONLY A PORTION WILL BE AVAILABLE FOR EXPORT TO SWEDEN. (SWEDEN'S PRESENT ANNUAL OIL CONSUMPTION TOTALS SOME 30 MILLION TONS.) HOWEVER, SWEDEN CAN EXPECT TO RECEIVE IN ADDITION WHATEVER QUANTITIES OF OIL THAT VOLVO PETROLEUM'S NORTH SEA CONCESSIONS MAY YIELD IN THE FUTURE. REFTEL A REPORTED THAT VOLVO HAS BEEN PROMISED THAT THIS WHOLLY OWNED SUBSIDIARY, TO BE ESTABLISHED SOON FOR OIL EXPLORATORY ACTIVITIES, WILL BE GRANTED CONCESSION TO DRILL FOR OIL IN NORWAY'S NORTH SEA FIELDS.

4. ACCORDING TO SWEDISH PRESS REPORTS, EMPLOYEES OF VOLVO ARE UNCLASSIFIED

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ALMOST WITHOUT EXCEPTION IN FAVOR OF THE AGREEMENT WITH THE NORWEGIAN GOVERNMENT. ON JUNE 30 A JOINT STATEMENT HANDED TO VOLVO'S MANAGEMENT ON WHAT WAS REFERRED TO AS "THE NORWEGIAN AGREEMENT" READ AS FOLLOWS: "WE TAKE A POSITIVE VIEW OF THIS BASIC BUSINESS VENTURE AND THE STRENGTHENING OF VOLVO'S FINANCIAL RESOURCES WHICH THE AGREEMENT ENTAILS."
KENNEDY-MINOTT

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